



**COOLCO Inc®**

# **Strategic Marketing Plan**

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Summer Session II 2010

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## Introduction



In 1926 COOLCO Inc. was known as Sycamore Street Ice & Delivery. Located in downtown Decatur, Georgia and founded by brothers Matthew and J. Christopher Penaker, the company flourished for over twenty five years as a major supplier of ice and ice boxes for commercial entities and residences in Decatur and nearby Atlanta. The owners spent winters harvesting ice off nearby streams and ponds and the ice was packed in metal containers with sawdust and then cut into smaller, more manageable chunks that could be delivered by two man teams.

Families and businesses stored ice for multiple purposes in iceboxes that were made of wood, most probably for ease of construction, insulation, and aesthetics: many were handsome pieces of furniture. Iceboxes had hollow walls that were lined with tin or zinc and packed with various insulating materials such as cork, sawdust, straw or seaweed. A large block of ice was held in a tray or compartment near the top of the box. Cold air circulated down and around storage compartments in the lower section.

By the 1950s modern day refrigerators began to replace ice boxes though those who were less affluent continued use them in their homes and businesses. Ultimately the ice harvesting, storing and ice delivery business for the Penaker Brothers declined forcing them to find a new method of generating revenue. Their version of the modern day cooler was born in 1953 to satisfy a customer need for transporting cold beverages and food to work and leisure time activities such as family picnics and sporting events.

Today's coolers now come in all shapes, sizes, colors and materials. They have wheels, handles, straps, cup holders; some even have radios and DVD players.

In 1953 the company name changed from Sycamore Street Ice and Delivery to COOLCO Incorporated to more appropriately reflect their current business and in order to create shares of stock in the company and bring additional family members into the business.

### **Executive Summary**

Since the name and product change in 1953 sales have grown steadily despite heavy competition from larger, more diversified companies. These competitors are manufacturing their products in South America and Mexico while COOLCO maintains their production facilities in the State of Georgia. While COOLCO can honestly say that our products are "Made in the USA", our competition has edged ahead due to being able to lower their production costs and increase their profit margins. Nonetheless, a shrinking market share and declining US economy COOLCO revenues and profits have slowly edged downward over the past five years. Though product quality remains equal or better than our competition, the demand for our product has fallen off.

Less than 1% of COOLCO revenues over the past five years have been devoted to marketing research and development. As a result the COOLCO product line has grown dull and stagnant while our competition has gradually advanced along with increasing sales. As a result the Board of Directors unanimously voted to dedicated 10% of 2009 revenues (\$400,000) to develop a new product line and marketing plan get it to the market place.

## Situational Analysis

<b>Strengths</b>	<b>Weaknesses</b>
New innovative product Owners knowledge of the business Company location Existing customer base Good product patent position	Young, unproven marketing team Untested product Team lacks experience bringing new products to market Distribution expansion costs Product expansion costs
<b>Opportunities</b>	<b>Threats</b>
Product encourages marketing creativity No competition in this field Product sales appear to be recession proof Large amount of regional events New, motivated target market (college sports fans)	Competition has established marketplace Environment Distribution network Weakness in economy
<b>ACTION PLAN</b>	
<b>Strengths</b>	Stick with marketing plan Exploit company location in southeast
<b>Weaknesses</b>	Expand in small increments Test new markets with samples
<b>Opportunities</b>	Have a marketing presence at regional events Be aggressive in reaching out to new target market
<b>Threats</b>	"Hit 'em where they ain't" Take advantage of the exciting environment

In painstaking fashion the marketing team recognized their weakness as being young and untested in a difficult market and a period of economic decline. However their strength lies in the Gameday Cooler and their location in the hotbed of college football. In addition there is no competition in this field and the patent probability is extremely high. Even though this product is viewed as a football game tailgating accessory, it is anticipated that it will be used year around due to the high level of team support and competition amongst schools. The sagging economy is an unknown factor

however, sales of NCAA tickets and merchandise is growing while NBA, NFL and MLB are decreasing. For cash flow and product failure reasons the marketing has chosen to expand this product line region by region. First in the south, the east coast, midwest and then the west coast given sales projections are achieved and profits reach their estimated levels.

## **Marketing Plan – New Product Introduction**

### **Objectives**

COOLCO targets reaching 30% of the target market share during the first year of sales. COOLCO is confident the Gameday Cooler™ (patent pending) craze will spread like wildfire at sporting events beginning in Georgia and spreading through the Southeast. COOLCO estimates profits of approximately \$13-\$15 per cooler.

### **Target Markets**

COOLCO, Inc. will target SEC sports enthusiasts as the primary market. What sports fan would not like to have a helmet cooler to take to tailgating parties? Sports fans buy blankets, chairs, bowls, plates, cups, etc to support their favorite college team. The college sports enthusiasts should add the Gameday Cooler to step up the level of support for the favorite team.

COOLCO Inc will target college students as the secondary market. College students will be targeted from within their perspective institution's communications networks and bookstores. We will reach students from within the college with giveaways and sales inside the gift stores or bookstores.

## **Marketing Mix – Product - GAMEDAY COOLER™**

Many believe the south holds the market for college football, especially those in the Southeastern Conference. Few can argue that there are no college football rivals across the US greater than that of the University of Georgia and the University of Florida, Auburn and Alabama, or Tennessee and LSU. Saturdays in the south consist of tail-gating, football games and more tail-gating. Fans come from hundreds of miles in recreational vehicles and sports utility vehicles hauling cookers, grills, food and most importantly cold beverages. Over the years fans have been faithful followers of COOLCO products and in response COOLCO will bring its first new product market in 6 years.

The Gameday Cooler was developed in early spring 2010 by the new marketing team at COOLCO. The product will consist of a 40 quart cooler in the shape of a football helmet. The color and markings we initially match each SEC school. The Gameday Cooler will have a rolling chassis attached to a collapsible handle. The lid is hinged and when fully opened will play the school fight song. The product will retail for \$56 and the net income from each sale will be \$25-30.



The Gameday will have the same excellent quality as other COOLCO products over the years. Since the size and shape of this product is somewhat close to our existing product line our engineers were able to modify existing molds and change the polymer colors in order to match the specific school colors. Insulation currently used in the COOLCO line is liquefied and then injected in the helmet cooler walls. The rolling handle assembly is a current production model that has been slightly modified to attach to the Gameday Cooler in order to ease movement from place to place. The handle when collapsed can suffice as a hand-hold along with area just above the helmet faceguard this making the product easy to carry with two hands. The wheels are heavy duty metal cast with ball bearing inserts and the tires are made of durable injection molded plastic.

### **Promotion**

As the Gameday Cooler begins to be displayed and promoted to the consumer base; we will rely greatly on our sales force to establish strong relationships with those we plan to work with for distribution. Building strong relationships with local businesses and those in the college arena will be a key step in the introduction of the Gameday Cooler to tailgating consumers. Due to our marketing strategy, we will begin focusing our effort on local advertisements and regional marketing to SEC school based areas. Thus, our budget for advertising will be significantly less than if we were introducing a new product to our entire service area.

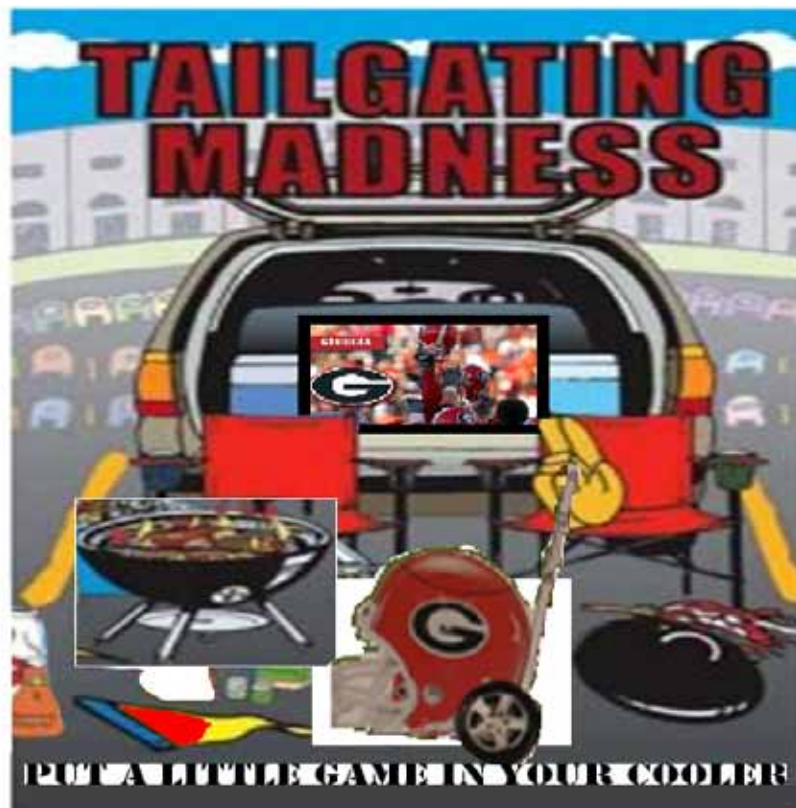
We anticipate summer and fall will be our prime marketing time. In consideration that advertisement costs will be higher as we are marketing to consumers during the beginning and height of the season, we are planning a budget of \$100,000 for newspaper inserts and television commercials, as well as several other outlets. We



are also including in that budget the anticipated cost of providing a free set of Gameday Coolers for Alumni Departments at target schools to use for their Alumni tailgating.

Some sources we plan to use for advertising and promotions will be distribution through game programs and local television commercials during games. Consumers will also be targeted through flyers and brochures using Alumni and student associations. Another outlet for advertising and promotion includes a sales force out during tailgating events with Gameday Coolers. The following are examples of advertisements to be displayed:

### **“Put a little game in your Cooler”**



## **“Gameday Cooler™: Where the game never ends”**



### **Distribution**

Faithful fans are most likely to invest in a Gameday Cooler. To make purchasing a Gameday Cooler more convenient for our consumer base, we have chosen popular locations to market our product. Reaching out to local superstores who stock SEC football merchandise is our primary target. Businesses such as Target and Wal-Mart provide access to the Gameday Cooler for those whom are students, alumni, and avid sports enthusiast.

After providing access to the Gameday Cooler through superstores, our target areas for distribution and promotion are businesses and associations whom have frequent contact with students and alumni. In addition to local businesses and

associations, the Gameday Cooler can be purchased at local sporting goods establishments, as well as college bookstores.

Introduction of the Gameday Cooler to the college alumni associations, bookstores and athletic organizations are the key promotion areas for the product. Working with alumni associations, we will mail informational packets about the Gameday Cooler, where they may purchase these coolers, and discount coupons for college alumni. This market along with the athletic departments and boosters is one of the strongest in the tailgating community and once they begin to see the Gameday Cooler in action, secondary groups of tailgating communities will become intrigued and follow suite thus purchasing coolers themselves.

**Price**

The COOLCO Gameday Cooler will have a suggested manufacturer’s retail price of \$56.00 the suggested retail price is lower than the average retail price of 40 qt coolers. The competition’s 40 qt rolling cooler prices range between\$48 and \$65 with the average retail price of \$58.09.

Cost of Goods Sold (including overhead)	\$ 14.08	
Price of cooler to retail distributor	\$ 40.00	
Price of cooler to Consumer	\$ 56.00	
Estimated Profit to COOLCO	\$ 25.92	Per Cooler
Average Retail Price of 40qt coolers	\$ 58.09	

## **Marketing Research**

When developing the Gameday Cooler in spring of 2010, COOLCO felt it was best to research the opinions and views of their target audience. By researching these opinions, COOLCO was better able to design the product and develop a stronger advertisement plan. Research groups were created with ten people per group, and were presented the original design followed by advertisements. Based off of each group's opinions, changes were made and then the product and advertisements were then presented again to another research group.

This process went through four groups, with a final presentation to the fifth. Groups were selected by contacting alumni departments, current college students who are football fans and local community businesses who market college football merchandise. All data from research groups was collected and placed into a data base, categorized by specific sections. Sections included design, advertising, price, purchasing and suggestions.

The final report reflects how concerns were addressed and resolved. Also, it reflects how the opinions of the research groups affected the advertisement and the distribution of the Gameday Cooler.

## **Implementation and Control**

As COOLCO begins to implement the marketing plan for the Gameday Cooler, COOLCO has found it helpful to establish a marketing and production team to monitor the success or obstacles of this product. The Gameday Marketing Team is responsible for implementing all parts of the marketing plans and is to have the manager of the

team report directly to the President. If the manager of the Gameday Team finds that objectives are not being met, it is their responsibility to then create a new course of action and see the new plan is implemented precisely.

The research and development phase was completed during the early winter months 2010. After this phase the Gameday Team launched an aggressive marketing plan that will be completed in August 2010. Full product launch will commence with the start of the SEC football season. When the accelerated research and development phase was concluded, the Gameday Team took two months to reconnect with existing distributors and establish relationships with new arms of the product distribution chain.

After establishing strong relationships with select distributors, the anticipation is to see a slow, yet steady, growth of more distributors. Secondly, the team plans for a gradual increase in sales throughout the football peak season. The goal is to increase overall business sales by 30% the first year of introduction of the new product. Following the first year, the Gameday Team expects an increase of overall company sales between 3-5% for the next four years. Measurement for success is simply the return on investment, with small and steady increases in distributors and total sales.

## **Summary**

Sycamore Street Ice and Delivery is like many family businesses that grow, become complacent and then eventually lose focus and their footprint in the marketplace. Despite changing directions in 1953 to become COOLCO Inc. and to change their product line to personal and residential coolers the company failed to invest in research and development and did not explore new product lines. Large conglomerates such as Igloo and Coleman invaded the cooler market in the 60s and eventually found ways to drive the small companies out of business by producing offshore and having large distribution networks.

In this particular case the company was fortunate to have involved younger family members in the business at the right time in order to recognize that a product change was needed. After several years of declining revenues and profits the board of directors unanimously voted to dedicate resources to hire a marketing team and charge them with creating a new product and distribution line. 10% of 2009 revenues (\$400k) were invested in R & D whereby the company had never invested more than 1% of their revenues in the past. Over the 2010 winter the newly hired marketing team developed the Gameday Cooler. A rolling beverage container fashioned in the shape of a college football helmet and made in the colors of college football teams with school logos licensed through the NCAA.

An aggressive goal of reaching 30% of the college football fan market was set along with a marketing plan focused using existing distributors but also focusing on college student, alumni and football supporters. The initial focus will be in the SEC conference. If the product and plans are successful, COOLCO will expand into the

eastern, midwestern and west coast college football markets at a pace that will allow reasonable growth yet retain the same fine quality of product COOLCO has built over the years. The products will continue to be “Made in the USA”.

**Appendix A**  
**Financial Analysis**

	Predicted	Actual
	2010	2009
Revenue	8852.0	4000.0
Total Revenue	8852.0	4000.0
Cost of Revenue	4384.0	2982.0
Gross Profit	4468.0	1018.0
Selling/General/Administrative Expenses, Total	1374.6	987.0
Research and Development	0.4	0.0
Depreciation/Amoritzation	0.0	
Interest Expense	0.0	
Unusual Expense	0.0	
Other Operating Expense, Total	0.0	
Operating Income	3093.0	31.0
Interest Income (Expense)	0.0	
Gain (loss) on Sale of Assets	0.0	
Other, Net	-0.5	-0.5
Income Before Tax	3092.5	30.5
Income Tax	1020.5	10.1
Income After Tax	2072.0	20.4
Total Extraordinary Items	0.0	-2.5
Net Income	2072.0	17.9



## Appendix B

### Sales Forecast

Total Number of People in target market	138,888.19
Annual Number of purchases per person	3.00
Total potential market	<u>416,664.57</u>
Total potential market	416,664.57
Percent of total Market coverage	60%
Total available market	<u>249,998.74</u>
Total available market	249,998.74
Expected market share	30%
Sales forecast (in units)	<u>74,999.62</u>
Sales forecast (in units)	74,999.62
Price	56.00
Sales forecast (in dollars)	<u>4,199,978.87</u>

## **Appendix C**

### **Financial Analysis**

#### **Estimated Marketing Costs**

Advertising	100,000
Sales Force Training and Compensation	25,000
Channel Development	25,000
Marketing Research	250,000
	<u>400,000</u>

COOLCO has determined the bulk of the marketing cost will be dedicated to marketing research, including the fees associated with collegiate licenses. Channel development and sales force training will be limited since COOLCO has established vendors and training will be practically the same as other coolers produced by COOLCO.

<b>SECTION</b>	<b>TEAM MEMBER</b>
<b>Introduction</b>	<b>Terry Stout</b>
<b>Executive Summary</b>	<b>Terry Stout</b>
<b>Situational Analysis</b>	<b>Terry Stout</b>
<b>Marketing Plan – New Product Introduction</b>	
<b>Objectives</b>	<b>Heather Pence</b>
<b>Target Markets</b>	<b>Heather Pence</b>
<b>Marketing Mix</b>	
<b>Product</b>	<b>Terry Stout</b>
<b>Promotion</b>	<b>Jessica Akers</b>
<b>Distribution</b>	<b>Jessica Akers</b>
<b>Price</b>	<b>Heather Pence</b>
<b>Marketing Research</b>	<b>Jessica Akers</b>
<b>Implementation &amp; Control</b>	<b>Jessica Akers</b>
<b>Summary</b>	<b>Terry Stout</b>
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<b>Appendix C – Estimated Marketing Costs</b>	<b>Heather Pence</b>